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May 18, 2009

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **SPECIAL SERVICES FOR GROUPS CONTRACT REVIEW – A
COMMUNITY AND SENIOR SERVICES WORKFORCE INVESTMENT
ACT PROGRAM PROVIDER – FISCAL YEAR 2008-09**

We completed a program, fiscal and administrative contract compliance review of Special Services for Groups (SSG or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

Background

CSS contracts with SSG, a private non-profit community-based organization, to provide and operate the WIA Youth Program. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. SSG's office serves participants residing in the First, Second and Fourth Districts.

SSG is compensated on a cost reimbursement basis and has a contract for \$354,000 for Fiscal Year (FY) 2008-09.

Purpose/Methodology

The purpose of the review was to determine whether SSG complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's

accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff.

Results of Review

Generally, SSG provided the required program services to eligible participants and maintained sufficient internal controls over its business operations. In addition, SSG's expenditures were allowable, accurately billed and supported by documentation as required. However, SSG did not meet all the FY 2008-09 second quarter performance outcomes outlined in the County contract.

Details of our review, along with a recommendation for corrective action, are attached.

Review of Report

We discussed our report with SSG and CSS on February 25, 2009. In their attached response, SSG agreed with our finding and recommendation. CSS will follow up with the Agency to ensure the recommendation is implemented.

We thank SSG for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Community and Senior Services
Kelly Miller, Program Manager, Special Services for Groups
John Eckman, President and Chairperson, Special Services for Groups
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
SPECIAL SERVICES FOR GROUPS
FISCAL YEAR 2008-09**

ELIGIBILITY

Objective

Determine whether Special Services for Groups (SSG or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for ten (35%) of the 29 participants that received services from July through November 2008 for documentation to confirm their eligibility for WIA services.

Results

All ten participants met the eligibility requirements for the WIA Youth Program.

Recommendation

None.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for ten (35%) participants that received services from July through November 2008.

Results

Generally, SSG provided the services in accordance with the County contract and WIA guidelines.

Recommendation

None.

PERFORMANCE OUTCOMES**Objective**

Determine whether the Agency met the planned performance outcomes as outlined in the County contract. The performance outcomes included measuring the number of participants that enrolled in the program, exited the program, completed training and/or gained employment.

Verification

We compared SSG's Fiscal Year (FY) 2008-09 actual performance outcomes for the second quarter to the planned performance outcomes outlined in the County contract.

Results

SSG did not meet all the FY 2008-09 second quarter planned performance outcomes outlined in the County contract. Specifically, SSG planned to enroll 53 participants, have six participants exit the program, have two participants complete training and have four participants obtain employment as of December 31, 2008. However, the Agency enrolled 40 (75%) participants, five 5 (83%) participants exited the program, none of the participants completed training and only three (75%) participants obtained employment.

Recommendation

1. **SSG management ensure that planned performance outcomes are met as required.**

CASH/REVENUE**Objective**

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's September 2008 bank reconciliation.

Results

SSG maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

None.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support nine non-payroll expenditure transactions billed by the Agency for July and September 2008, totaling \$2,749.

Results

Generally, SSG's expenditures were allowable, accurately billed and supported by documentation as required.

Recommendation

None.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various areas such as cash, expenditures, payroll and personnel.

Results

Generally, SSG maintained sufficient internal controls over its business operations and complied with other program and administrative requirements.

Recommendation

None.

FIXED ASSETS AND EQUIPMENT

The objective of this section is to determine whether the Agency's fixed assets and equipment purchases made with WIA funds are used for the WIA program and are safeguarded.

We did not perform test work in this section as SSG did not use WIA funds to purchase fixed assets or equipment.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures were appropriately charged to the WIA program. In addition, determine whether the Agency obtained criminal record clearances and verified employability for the employees assigned to the WIA program.

Verification

We traced the payroll expenditures invoiced for nine employees totaling \$14,440 for September 2008 to the Agency's payroll records and time reports. We also reviewed the personnel files for five employees assigned to the WIA program.

Results

SSG appropriately charged payroll expenditures to the WIA program. In addition, SSG obtained criminal record clearances and verified employability for the five employees assigned to the WIA program.

Recommendation

None.

COST ALLOCATION PLAN**Objective**

Determine whether SSG's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Cost Allocation Plan and a sample of expenditures incurred by the Agency in July and September 2008 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

SSG's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

None.

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's FY 2007-08 final close-out invoice reconciled to the Agency's financial accounting records.

Verification

We traced SSG's FY 2007-08 general ledger to the Agency's final close-out invoice for FY 2007-08. We also reviewed a sample of expenditures incurred in June 2008.

Results

SSG's FY 2007-08 final close-out invoice reconciled to the Agency's FY 2007-08 general ledger.

Recommendation

None.



March 9, 2009

Herbert K. Hatanaka, DSW
Executive Director

SSG PROGRAMS

*Asian Pacific AIDS Intervention
Team (APAIT)*

*Asian Pacific Counseling &
Treatment Centers (APCTC)*

*Asian Pacific Residential
Treatment Program*

*Benefits Assistance Clients
Urban Projects (BAC-UP)*

*Census Data & Geographic
Information Services (CD&GIS)*

*Children's Dental & Outreach
Project*

*Court Referral Service Project
(C.R.S.)*

Faith In Communities (FIC)

*Homeless Outreach Program
(HOP)/Integrated Care System
(ICS)*

Hurting & Hungry Project

*Indochinese Counseling &
Treatment Clinic*

*Occupational Therapy Training
Program (OTTP)*

*Pacific Asian Alcohol & Drug
Program (PAADP)*

PALS for Health (PALSH)

*Parents Neighborhood Youth
Program (PNYP)*

*Pingcan Community Service
Center*

*West Boulevard Child
Development Center*

AB2034 Mental Health Program

CONSORTIA

*Asian and Pacific Islander
Mental Health Alliance*

Older Adults Program (OAP)

AFFILIATE ORGANIZATIONS

*African American Alcohol and
Other Drug Council (AAADC)*

*Greater West Hollywood Food
Coalition*

*LA Asian Pacific American
Heritage Month Committee*

*Orange County Asian & Pacific
Islander Community Alliance
(OCAPICA)*

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Wendy L. Watanabe, Auditor-Controller
Department of Auditor-Controller
Countywide Contract Monitoring Division
350 South Figueroa Street, 8th Floor
Los Angeles, CA. 90071

Attention: Katherine Urbanski

**Re: Agency Response to Program, Fiscal and Administrative
Contract Review of WIA Contract - Program Year 2008-2009**

Dear Ms. Watanabe:

Attached is Special Service for Groups' response to the program, fiscal
and administrative contract compliance review of its WIA contract for
2008-2009.

Please do not hesitate to call Beth De Los Santos at (213) 553-1825 if
you need additional information. Thank you.

Sincerely,

Herbert Hatanaka, DSW
Executive Director

Attachment



**SPECIAL SERVICE FOR GROUPS
RESPONSE TO FISCAL MONITORING FOR PROGRAM YEAR 2008-2009
WORKFORCE INVESTMENT ACT PROGRAM**

Performance Outcomes-Page 2

- 1. SSG management ensures that planned performance outcomes are met as required.**

SSG concurs with the finding. SSG's WIA's staff is working with WIA Planning and Operations on ensuring that the planned performance outcomes are met as required in these coming quarters. Attached is a copy of a letter dated January 29, 2009, to Sandra Dominguez of WIA Planning and Operations regarding SSG's program staff's planned outcomes by quarters. CSS approved the plan outlined in the letter.

January 29, 2009

Sandra Dominguez, CSA II
WIA Planning and Operations
3175 West Sixth Street
Los Angeles, CA 90020

Ms. Dominguez,

This letter is in response to the 2nd Quarter Contract Performance Report that was provided to Special Service for Groups on January 27, 2009. The following provides clarification in the areas that do not meet the 42.5% standard.

Budget

The spreadsheet indicates that SSG expended 39% of the budget.

Agency Response:

The numbers on the spreadsheet reflect the year to date ending in November. If the spreadsheet had the actual numbers ending December 31, 2008, SSG would have been at the 48% expenditure rate, which according to the expenditure legend would reflect that SSG is on track to meet the target for spending. SSG's year to date number at the end of December is \$168,380 (total invoiced amount).

Planned Exits

The spreadsheet indicates that SSG has a total of 5 exits or 8% of our total planned exits.

Agency Response:

SSG submitted a matrix to CSS that indicated our total planned exits for the end of 2nd quarter (10/1/08-12/31/08) would be 6. SSG had a total of 5 exits for the second quarter, which is 83% of the total planned exits. The matrix was approved by CSS staff.

Planned Placements

The spreadsheet indicates that SSG has a total of 3 placements or 7% of our total planned placements.

Agency Response:

SSG submitted a matrix to CSS that indicated that our total planned placements for the end of 2nd quarter (10/1/08-12/31/08) would be 4. SSG had a total of 3 actual placements, which is 75% of the total planned placements. The matrix was approved by CSS staff.

Planned Training

The spreadsheet indicates that SSG has a total of 0 participants in training or 0% of our total planned number of participants in training.

Agency Response:

SSG submitted a matrix to CSS that indicated that our total planned number of participants in training would be 2 for the end of the 2nd quarter (10/1/08-12/31/08). SSG does in fact have 0 participants in advanced training, but does have 3 out of the 5 exits in Post-Secondary education, which is 60% of the total planned number of participants in training.

In addition to the above response, SSG's total planned exits for the year are 63 (per CSS) with 53 of those planned exits to occur in the 4th quarter (4/1/09-6/30/09). As in years past, **SSG has been adhering to and following the submitted and approved matrix to CSS** to guide us in the number of enrollments, exits, placements and participants trained per quarter.

Please feel free to contact me for any further questions or clarification.

Sincerely,

Kelly Miller, MA, PHR
Youth Services Director
Special Service for Groups/Occupational Therapy Training Program
kmiller@ottp.org